

FILED**PETITION TO JUDGE DENNIS MONTALI**FEB 11 2020 *87*

Victims of the 2017 and 2018 Northern California Wildfires

UNITED STATES BANKRUPTCY COURT
SAN FRANCISCO, CA*Case # 19-30088***PRIORITIZE FINANCIAL RECOVERY OF WILDFIRE VICTIMS
OVER PROFITS FOR INSURERS AND INVESTORS**Online at <http://chnng.it/ZXpn2X22>

We are from among more than 80,000 people and businesses directly impacted by the catastrophic 2017 and 2018 Northern California wildfires. Many of us have already filed a proof of claim in the bankruptcy of PG&E Corp. where we seek to hold it, also its management and shareholders, accountable. We have seen our lives upended and grievously distorted, first by the wildfires and their immediate aftermath, then by painful delays toward the promise of our recovery at the hands of PG&E Corp.

We are also other Californians who live in or near communities affected by the wildfires. We might not have lost our homes, businesses, or jobs. But we care deeply about the wildfire victims settlement, too. We know that if less people and businesses financially recover, the more it negatively affects the economy of our communities, also the quality of our lives and relationships. Lots remain scarred, property values decline, tax revenues decrease, jobs are lost, and people move away.

Recently PG&E Corp. announced that it reached two critical settlements as part of its proposed restructuring plan: a \$13.5 billion agreement with wildfire victims and an \$11 billion agreement with insurers and investors. Although California Governor Gavin Newsom rejected the restructuring plan for not complying with state law, Judge Dennis Montali, who oversees the bankruptcy, approved the settlements stating "I don't think we've heard a single person say it's a bad settlement" at hearing. (Hals, Tom. "U.S. Judge Approves PG&E Deal with California Wildfire Victims; Stock Jumps." Reuters, December 17, 2019.) While the judge recognized that wildfire victims continue to be the most important creditor group in the bankruptcy case, he also said he wouldn't "second guess" our choice to settle. (Chediak, Michael and Church, Steven. "PG&E Wins Court Sign-Off on Fire Deals. Now Face Governor." Bloomberg, December 18, 2019.)

In response to these events, many wildfire victims have coalesced on social media to share information about the details of the proposed settlements, which alone are complex and difficult to understand. Growing consensus is that the proposed settlements are bad for wildfire victims, especially in comparison with insurer and investor claimants in the bankruptcy, because:

- Half of the compensation (\$6.75 billion) will be payable in newly issued stock of PG&E Corp. No one can assure the stock will actually have that value when it is issued, or later even. PG&E Corp. stock has fluctuated dramatically in price over the last two years, and future valuation of the surviving company depends on the safety of its power grid, also if other fires are attributed to its equipment failures. **Wildfire victims should not be forced to settle for compensation contingent on future stock value given all of this volatility.**
- Proposed payments to wildfire victims will be made in periodic installments of cash and stock administered via trustee while payments to insurers and investors will be made promptly in cash after the restructuring plan becomes effective. Unlike insurers and investors, wildfire victims are not in the business of evaluating and taking risk. They are involuntary creditors. **Wildfire victims should not be forced to bear significant adverse economic risks or delays in payments given that insurers and investors do not.**

PETITION

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- The total compensation proposed by the settlement will not be insufficient “to make fire victims whole” — one of Governor Newsom’s primary goals (“Tubbs Fire Report Complicates PG&E’s Bankruptcy Decision, CBS/AP, January 25, 2019) — yet ironically insurers and investors stand to profit. It has been reported that insurers sold a substantial portion of their claims against PG&E Corp. for losses arising out of the wildfires to investors at a discount. These investors include 10 hedge funds that bought into PG&E Corp. as stockholders while also purchasing billions of dollars of such insurer claims against PG&E Corp., effectively placing them on both sides of the bankruptcy. (Lagos, Marisa. “Wall Street Could Make \$1 Billion Off PG&E’s Bankruptcy — and Ratepayers Are On The Hook.” KQED News, December 16, 2019.) **Wildfire victims should not suffer large economic losses when insurers and investors profit.**

Settlement terms will necessarily change as Governor Newsom and his staff work with PG&E Corp. to renegotiate key aspects of the restructuring plan over the coming weeks. We understand wildfire victims will have the right to vote on what will ultimately be agreed. But we also believe we must help stakeholders in the bankruptcy, including legal counsel, to expedite a more fair and equitable resolution of the claims of wildfire victims by voicing our view that settlement terms as proposed so far are simply not acceptable to us. **So far, the pattern of PG&E Corp.’s actions has been to prioritize profits over people and safety. That legacy denigrates all of us — especially those who lost their lives in the wildfires — and must stop now!**

Judge Montali, we do think this is a bad settlement! We appreciate your role in having to balance man competing interests but we also want you to hear unfiltered the very real concerns we have about how our needs have been marginalized.

Governor Newsom, continue to stand with us! Demand that stakeholders in the PG&E Corp. bankruptcy reallocate available compensation so wildfire victims are finally prioritized and given the financial certainty they need to move on from the many traumas already inflicted on their lives. Assure that our friends, neighbors, and communities will remain intact after the scars of these wildfires begin to heal.

*** * * IF YOU ARE A WILDFIRE VICTIM WHO HAS FILED A PROOF OF CLAIM IN THE PG&E CORP. BANKRUPTCY, PLEASE SO INDICATE BY TYPING AN ASTERISK (*) EITHER BEFORE OR AFTER YOUR NAME *****

The Northern California wildfires include, but are not limited to, the following fires: 37, Adobe, Atlas, Blue, Butte, Camp, Cascade, Cherokee, Ghost Ship, Honey, La Porte, Lobo, Maacama, McCourtney, Norrbom, Nuns, Partrick, Pocket, Point, Pressley, Pythian (a.k.a. Oakmont), Redwood, Sullivan, Sulphur, and Tubbs.

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Recipient: Hon. Gavin Newsom Governor of California, Judge Dennis Montali U.S.
Bankruptcy Court Northern District of California

Letter: Greetings,

Prioritize Financial Recovery of Wildfire Victims Over Profits for Insurers and
Investors

FOR PRIVACY REASONS, THE COURT HAS NOT INCLUDED THE COMMENTS THAT ACCOMPANIED THIS PETITION, NOR THE NAMES OF THE PERSONS COMMENTING, THEIR LOCATION OR THE DATE OF THEIR COMMENTS, NOR THE SEPARATE LIST OF SIGNATURES OF OTHERS, THEIR LOCATIONS AND DATES